



**Updated April 9, 2014**

**BRIEFING: APRIL 10, 2014 BOARD MEETING AGENDA ITEM #5**

**TO: Chairman Richard and Board Members**

**FROM: Jeff Morales, Chief Executive Officer**

**DATE: April 9, 2014**

**RE: Supplemental: Approval of the Final 2014 Business Plan**

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**Background**

This Board Memo provides updated information to the prior Memo that was submitted to the Board and posted on the Authority's website on April 2, 2014. .

The California High-Speed Rail Authority is required by Public Utilities Code Section 185033 to prepare, publish, adopt, and submit an updated Business Plan to the Legislature on May 1, 2014. Statute also dictates that, at least 60 days prior to submittal to the Legislature, the Authority must publish a draft Business Plan for public review and comment. The Budget Act of 2013 (SB 1029) added several additional requirements for the 2014 Business Plan. Staff prepared and released a Draft 2014 Business Plan on February 7, 2014. This was accompanied by a press release to notify media outlets of the Plan's release as well as instructions on how to comment on the Plan. The Draft 2014 Business Plan was also placed on the front page of the Authority's website.

Subsequently at the February 11, 2014 and March 11, 2014 Board meetings, staff made presentations regarding the Draft 2014 Business Plan. Comments were solicited and received through letters, the website, and during the open public comment periods of both the February and March Board meetings, consistent with legal requirements for public hearing and comment featured in Public Utilities Code Section 185033. Some comments were supportive of the program and the Draft 2014 Business Plan, some sought clarification or additional information, and some were critical of the Plan. All of the comments received to date have informed the staff-recommended revisions for the Board's consideration in developing a final 2014 Business Plan.

As of the writing of this Board Memo and attachments, the 60-day comment period has closed. This Memo and the attachments have been updated to incorporate any additional comments

received between the April 2 and the close of the comment period on April 8. Additionally, comments postmarked by April 8 but received after the April 10 Board meeting will be posted on the website and distributed to the Board. As is always the case, the Board will also hear any public comments relating to an item on the agenda on the day of a meeting. Staff proposes that it would incorporate any newly-identified technical corrections and edits into the final 2014 Business Plan before submitting it to the Legislature but would seek the Board's approval should any substantive policy issues be identified that require further Board direction,

The comments that have been received to date have informed the items on the updated Errata Sheet and the recommendations staff is making on the attached table entitled Staff-Recommended Edits in Response to Public Comment for the Board's consideration, both of which are provided as attachments to this Memo. At the direction of the Board and the adoption by the Board of Resolution #14-08, the 2014 Business Plan will be revised and submitted to the Legislature by May 1, 2014.

### **Discussion**

The April 2 Board Memo provided background information on the 2012 Business Plan and the development of the Draft 2014 Business Plan. Since the Draft Business Plan was released on February 7, staff has proceeded to solicit and document comments on the Draft 2014 Business Plan from stakeholders, other governmental agencies, and the public. The Board took comments at its February and March meetings and will take comments at this (April) Board meeting. The public has also been encouraged to submit comments [by mail and email] and through the Authority's website. As of April 1, over 120 comments had been received, all of which were included as an attachment along with a summary of the comments that was provided to the Board and posted on the website on April 2.

Between April 1 and the close of the comment period on April 8, 41 additional comments were received. All of these comments are included as an attachment to this April 9 Board Memo along with a summary of the comments. In total, we have received 165 formal comments on the Draft 2014 Business Plan.

In addition, the Authority has engaged in a wide range of meetings with elected officials, public agencies, organizations and stakeholders and received comment and feedback from those discussions as well. The comments received through this outreach have addressed a variety of topics.

The Authority provided the Draft 2014 Business Plan to the Legislature as required. Since then, the Authority participated in three informational legislative hearings providing details and answering questions on the Draft Plan. The Authority also held individual briefings with legislators to provide updates on the system's implementation plans and to review the Draft Business Plan. In addition, Senator Galgiani, the author of Proposition 1A, sent a letter supporting the blended system approach, suggesting a range of ways that the initial high-speed rail investment could create connections between important job centers around the state and urging the Authority to identify ways to address the jobs-housing balance.

Other comments received between April 2 and 8 from public officials/agencies address a range of issues. The Legislative Peer Review Group's (PRG) letter stated that the Authority "has continued to make progress," citing for example improvements to demand forecasting,

operations and maintenance cost estimating, risk analysis and noting that a “partial solution to the financing challenge that would stabilize the Authority’s planning base is now on the table.” As in prior letters, the PRG identified issues to be addressed and offered constructive suggestions for future work/analyses for the Authority as the project continues to move forward.

The Authority has received several letters from transit and other regional agencies in Southern California. These include a joint letter from the Los Angeles County Metropolitan Transportation Authority, the Riverside County Transportation Commission, the San Diego Association of Governments and the Southern California Association of Governments. Together these agencies “support the Governor’s proposed FY 15 Cap and Trade funding allocation for high-speed rail” and have sent letters to the House and Senate to that effect. They urge the Authority to continue preparation of technical studies for the Los Angeles to San Diego via the Inland Empire corridor. They suggest expanding the discussion of the early investment bookend and connectivity projects, acknowledging the Southern California MOU, and the contribution those projects will make to reducing greenhouse gas emissions.

The County of Kings Board of Supervisors submitted a letter raising concerns about the forecasts, estimates and assumptions presented in the 2014 Business Plan.

A letter from the Los Angeles County Supervisor Michael Antonovich reinforces the Authority’s goal of closing the passenger rail gap between Northern and Southern California, emphasizes that passenger rail service between Burbank and Palmdale is a priority and encourages the Authority to evaluate a more direct, tunnel-oriented alternative between Palmdale and the San Fernando Valley/Burbank/Bob Hope Airport station option.

A letter from the Union Pacific Railroad (UPRR) emphasized the importance of complying with the terms of the July 12, 2012 Memorandum of Understanding and identified a number of questions associated with the project planning process that is currently underway both directly with the UPRR and with other appropriate parties.

The Authority continued to receive letters from individuals and organizations expressing fundamental opposition to the project and questioning the forecasts and projections in the Draft 2014 Business Plan.

Based on other new written comments and discussions with stakeholders to date, staff has identified a number of areas where additional information would address questions and provide greater clarity. These recommended edits are included in the attached table.

### **Recommendations**

Adopt the 2014 Business Plan incorporating the edits from the Revised Errata Sheet and the other edits from the Staff Recommended Edits in Response to Public Comment table. Authorize the Chief Executive Officer, or his designee, to make further revisions to the 2014 Business Plan based on direction from the Board in response to any public comments received at the April 10 Board meeting and/or submitted to the Authority since the release of this memo and its attachments.

## **Attachments**

- Draft 2014 Business Plan Revised Errata Sheet
- Draft 2014 Business Plan Staff Recommended Edits in Response to Public Comment
- Draft 2014 Business Plan Revised Comment Summary Dashboard
- Draft 2014 Business Plan Comments (April 2-8, 2014)